

Encumbrances, and HMVG is and will be on the Closing Date the record and beneficial owner and holder of all issued and outstanding equity securities of each of its subsidiaries, free and clear of all Encumbrances, and each subsidiary of HMVG is and will be on the Closing Date the record and beneficial owner of all issued and outstanding equity securities of each of its subsidiaries, free and clear of all Encumbrances. Seller and its subsidiaries own the amount and type of equity interests of the Joint Venture Entities set forth on Seller's Disclosure Schedule. No legend or other reference to any purported Encumbrance appears upon any certificate representing equity securities of any of the Acquired Entities or any Joint Venture Entities. All of the outstanding equity securities of each of the Acquired Entities have been duly authorized and validly issued and are fully paid and nonassessable. There are no legally binding agreements, contracts, obligations, promises or undertakings (whether written or oral and whether express or implied) relating to the issuance, sale or transfer of any equity securities or other securities of any of the Acquired Entities. None of the outstanding equity securities of any of the Acquired Entities was issued in violation of the Securities Act or any other Law. No Acquired Entity owns, or has any legally binding agreement, contract, obligation, promise or undertaking (whether written or oral and whether express or implied) to acquire, any equity securities or other securities of any Person (other than Acquired Entities) or any direct or indirect equity or ownership interest in any other business. All of the representations made by Seller in this Article 6 shall be made as if the Acquired Entities and Joint Ventures in which Seller has, directly or indirectly, a 50% or greater interest had been merged into Seller prior to the Closing and the assets and liabilities of the Acquired Entities and such Joint Ventures were Purchased Assets and/or Facilities.

6.4 Binding Agreement. This Agreement and all agreements to which Seller will become a party hereunder are and will constitute the valid and legally binding obligations of Seller and are and will be enforceable against it in accordance with the respective terms hereof or thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

6.5 Financial Statements.

(a) Seller's Disclosure Schedule contains the following consolidated financial statements of Seller on an accrual basis (the "Financial Statements"):

- (i) unaudited consolidated balance sheet (the "Balance Sheet") dated as of September 30, 2002 (the "Balance Sheet Date");
- (ii) unaudited consolidated income statement (the "Income Statement") for the nine-month period ended on the Balance Sheet Date; and
- (iii) audited consolidated balance sheets and income statements for the fiscal years of the Seller ended on December 31, 2000 and 2001.

The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated, and Seller has not materially changed any accounting policy or methodology (including those used in the determination of contractual allowances,

contractual discounts or reserves for uncollected accounts receivable) throughout all periods presented. The balance sheets in the Financial Statements present fairly and accurately in all material respects the financial condition of the Seller as of the dates indicated thereon, and the income statements contained in the Financial Statements present fairly and accurately in all material respects the results of operations of the Seller for the periods described therein.

(b) Except for (i) liabilities that are specifically disclosed in (A) this Agreement, (B) agreements entered into in connection herewith and (C) schedules and exhibits hereto and thereto, (ii) liabilities that were incurred after the Balance Sheet Date in the ordinary course of business and (iii) liabilities that in the aggregate would not reasonably be expected to have a Material Adverse Effect, there are no liabilities of any nature of Seller or any System Entity relating to the Facilities or the other Purchased Assets and Assumed Liabilities required in accordance with GAAP to be disclosed in the Financial Statements or any balance sheet provided by Seller to Buyer pursuant to Section 8.6 of this Agreement.

(c) Neither Seller nor any of the System Entities have any obligations with respect to any financing provided under the Hill-Burton Act.

6.6 Permits and Approvals.

Seller's Disclosure Schedule includes a true and complete description of all material Permits and Approvals issued or granted by a Governmental Entity and owned or held by or issued to any System Entity in connection with the Purchased Assets currently, and such Permits and Approvals constitute all material Permits and Approvals necessary for the conduct of the business and ownership, development or operation of the Facilities and the Purchased Assets, all of which are now and as of Closing will be in full force and effect, unimpaired and not subject to meritorious challenge. Seller and each of its Affiliates, as the case may be, is or will be the duly authorized holder of such Permits and Approvals. Each Facility's pharmacies, laboratories and all other material ancillary departments located at such Facility or operated for the benefit of such Facility and included within the Purchased Assets, which are required to be specially licensed, are licensed by the appropriate Governmental Entity, as set forth on Seller's Disclosure Schedule. Each Facility is in compliance in all material respects with all Permits and Approvals required by Law. There are no provisions in, or agreements relating to, any such Permits and Approvals which precludes or limits in any material respect any Seller Entity from operating any of the Facilities or Purchased Assets as they are currently operated. There is not now pending nor, to the knowledge of Seller, threatened, any action by or before any Governmental Entity to revoke, cancel, rescind, modify or refuse to renew any of the Permits and Approvals, and all of the material Permits and Approvals are and shall be in good standing now and as of the Closing.

6.7 Government Program Participation.

(a) Each of the Facilities that has historically received Medicare or Medicaid reimbursement is eligible to receive payment without restriction under Title XVIII of the Social Security Act ("Medicare") and Title XIX of the Social Security Act ("Medicaid") and is a "provider" with valid and current provider agreements and with one or more provider numbers with the federal Medicare, all applicable state Medicaid and successor programs (the

"Government Programs") through intermediaries. Each of the Facilities that have historically received payments under Tricare or its predecessor programs is a "provider" with valid and current provider agreements and with one or more provider numbers with Tricare and successor programs through intermediaries. A true and correct copy of each of such agreements has been previously delivered to Buyer by Seller. Each of the Facilities is in compliance with the conditions of participation and all other applicable certification criteria for the Government Programs in all material respects, including those necessary to claim available capital costs reimbursement from Government Programs on those Purchased Assets for which the Government Programs provide capital costs reimbursement. There is not pending, nor to Seller's knowledge threatened, any proceeding or investigation under the Government Programs involving Seller or any of the Purchased Assets, nor has any allegation been made against the Facilities within the past three (3) years by any state or federal agency relating to the federal Emergency Medical Treatment or Active Labor Act ("EMTALA"). Seller has previously delivered to Buyer true, correct and complete copies of the Facilities' most recent Medicare and Medicaid certification survey reports, including any statements of deficiencies and plans of correction, and any statements of deficiencies against the Facilities in the last year that include any allegation involving EMTALA, and the Facilities' corrective action plans related thereto. Seller and the System Entities have taken all reasonable steps to correct all deficiencies referenced in this Section 6.7(a).

(b) Seller and the System Entities have timely filed and caused to be timely filed all cost reports and other reports of every kind whatsoever that are required, by law, by written or oral contracts, or otherwise, to have been filed or made with respect to the purchase of services of the Facilities by third party payors, including Government Programs and other insurance carriers, and all such cost reports and other reports have been properly filed and are complete and correct in all material respects. Seller's Disclosure Schedule identifies those Facilities that are not required under any federal or state Law to file or submit a cost report in connection with the Government Programs. Seller and the System Entities are and have been in compliance with filing requirements with respect to cost reports of the Facilities, and such reports do not claim, and none of the Facilities has received, payment or reimbursement in excess of the amount provided or allowed by applicable law or any applicable agreement, except where excess reimbursement was noted on the cost report. True and correct copies of all such reports for the three (3) most recent fiscal years of Seller, the System Entities and the Facilities have been available to Buyer. There are no material claims, actions or appeals pending before any commission, board or agency, including any fiscal intermediary or carrier, Governmental Entity, or the Administrator of the Centers for Medicare & Medicaid Services, with respect to any Government Program cost reports or claims filed on behalf of Seller or the System Entities with respect to any of the Facilities, on or before the Effective Date. Seller's Disclosure Schedule indicates which of such cost reports have been audited by the fiscal intermediary and finally settled, and contains a brief description of any and all notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and any and all other unresolved claims or disputes, in connection with any audit, review or inquiry with respect to such cost reports. There are no facts or circumstances which may give rise to any material disallowance under any such cost reports. Except as disclosed on Seller's Disclosure Schedule and except for those in the ordinary course of business, no validation review or program integrity review related to any of the Facilities, the operation of the Facilities, or the consummation of the transactions contemplated by this Agreement, or related to any of the Purchased Assets has been

conducted by any commission, board, agency or Governmental Entity in connection with the Government Programs, and to the knowledge of Seller, no such reviews are scheduled, pending or threatened against or affecting Seller with respect to any of the Facilities or any of the Purchased Assets, or the consummation of the transactions contemplated by this Agreement.

(c) To Seller's knowledge, (i) no current employee of Seller, any System Entity or any of their Affiliates (whether an individual or entity) nor any party to an Assumed Contract has been excluded from participating in, or otherwise made ineligible to participate in, any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) and (ii) except as set forth on Seller's Disclosure Schedule, none of the Facilities, or Seller's, the System Entities' or any of their Affiliates' current officers, directors, agents or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)), has been excluded from Medicare or any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) or been subject to sanction pursuant to 42 U.S.C. §1320a-7a or 1320a-8 or been convicted of a crime described at 42 U.S.C. §1320a-7b, and the Facilities, Seller, the System Entities and their Affiliates, as the case may be, have complied with all applicable legal requirements with respect to any matters or individuals listed in Section 6.7(c) of Seller's Disclosure Schedule.

(d) Neither Seller nor any of its Affiliates, nor any partner, member, director, officer or employee of Seller nor any of its Affiliates, is a party to any contract, lease agreement or other arrangement, written or unwritten (including any joint venture or consulting agreement), related to Seller or any of the Facilities or the Purchased Assets with any physician, health care facility, hospital, nursing facility, home health agency or other Person who is in a position to make or influence referrals to or otherwise generate business for Seller with respect to any of the Facilities or the Purchased Assets, to provide services, lease space, lease equipment or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by Law.

(e) No Seller, System Entity or affiliate thereof (i) is a party to a Corporate Integrity Agreement with the Office of Inspector General of the Department of Health and Human Services (the "OIG"), except as set forth on Seller's Disclosure Schedule, (ii) has any reporting obligations pursuant to any settlement agreement entered into with any governmental entity, (iii) to Seller's knowledge, has been the subject of any government payer program investigation conducted by any federal or state enforcement agency, (iv) to Seller's knowledge, is or has been a defendant in any qui tam/False Claims Act litigation, (v) has been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or telephone or personal contact by or from any federal or state enforcement agency (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the Facilities or the Purchased Assets by Seller or any System Entity) and (vi) to Seller's knowledge, has received any written complaints from employees, independent contractors, vendors, physicians or any other person that would indicate that Seller or any System Entity has violated any law or regulation.

(f) The disclosure on Seller's Disclosure Schedule of information or matters related to Specified Cost Report Matters shall be for informational purposes only and shall not qualify any representation or warranty set forth in this Agreement.

6.8 Compliance With Law and Regulation. Except as set forth on Seller's Disclosure Schedule, Seller, each of the System Entities and the operations of the Purchased Assets have been and currently are in compliance with all applicable Law, except where the failure to be in compliance would not reasonably be expected to have a Material Adverse Effect, and neither Seller nor any System Entity has received any written notice with respect to noncompliance with Law. Seller and each of the System Entities have timely filed all forms, applications, statements, reports, data and other information required to be filed with any Governmental Entity except where a failure to file timely would not reasonably be expected to have a Material Adverse Effect.

6.9 The Contracts.

(a) Seller's Disclosure Schedule sets forth a list of all Material Contracts.

(b) Except as set forth on Seller's Disclosure Schedule, and except to the extent that the following would not reasonably be expected to have a Material Adverse Effect, to the knowledge of Seller (i) each Assumed Contract is legally binding and enforceable in accordance with its respective terms and is in full force and effect, (ii) Seller or the applicable System Entity has duly performed in all material respects all its obligations under each Assumed Contract to which it is a party to the extent that such obligations to perform have accrued, (iii) no material breach or default, alleged material breach or default, or event which would (with the passage of time, notice or both) constitute a material breach or default under any Assumed Contract by Seller or the applicable System Entity or, to the knowledge of Seller, any other party or obligor with respect thereto, has occurred, and (iv) neither Seller nor any System Entity has received written or oral notice of any default, offset, counterclaim or defense under any Assumed Contract.

6.10 Equipment. Except as set forth on Seller's Disclosure Schedule, since the Balance Sheet Date, Seller and the System Entities have not sold or otherwise disposed of any item of equipment associated with, or constituting any part of, the Purchased Assets other than in the ordinary course of business.

6.11 Real Property. Except as set forth on Seller's Disclosure Schedule, neither Seller nor any System Entity has created or suffered any Encumbrance which will materially interfere with Buyer's use of the Purchased Assets in a manner consistent with the current use by Seller or System Entities. Except as set forth on Seller's Disclosure Schedule, there are no legally binding agreements, contracts, obligations, promises or undertakings (whether written or oral and whether express or implied) relating to any pending purchase, sale or transfer of any Real Property, or any outstanding right of first refusal or option to purchase any Real Property, including any right of first refusal or option to purchase any Real Property. The Real Property will be conveyed or, if leased by Seller or a System Entity, assigned to Buyer subject only to Permitted Encumbrances. The Real Property (other than the real property which is part of the Excluded Assets hereunder) comprises all of the real property owned or leased by Seller, any Affiliate of Seller or the System Entities and associated with or employed in the operation of the Facilities or the business of Seller and the System Entities.

6.12 Personal Property. As of Closing, Seller shall own and hold good and marketable title to all tangible personal property assets and valid title to all intangible assets, in each case that are employed in the operation of the Facilities or Purchased Assets or located on the Real Property, all of which shall be a part of the Purchased Assets, subject to no Encumbrances, and at Closing Seller will convey to Buyer good and marketable title to all such personal property, subject only to Permitted Encumbrances.

6.13 Insurance. Seller's Disclosure Schedule contains an accurate list of the insurance policies and programs of self-insurance covering the ownership and operation of the Purchased Assets or any of the Facilities, indicating the types of insurance, policy numbers, terms, identity of insurers and amounts and coverages (including applicable deductibles). All of such policies are now and, subject to modification pursuant to Section 8.2(d), will be until Closing in full force and effect with no premium arrearages. All claims pending as of Closing for which insurance is available under policies maintained by Seller will continue to be covered under such policies (or in the case of self-insured claims, adjustments are being made in accordance with the provisions of this Agreement), but no representation is made as to the solvency of any third party insurers. Except as set forth on Seller's Disclosure Schedule, (i) there is no outstanding written requirement or recommendation by any insurance company that issued any such policy or by any board of fire underwriters or other similar body (including any Governmental Entity) exercising similar functions which requires or recommends any repairs or other work to be done or with respect to any of the Purchased Assets, (ii) Seller has given to its insurers in a timely manner all notices required to be given under its insurance policies with respect to all claims and actions covered by insurance with respect to the Purchased Assets, and except as set forth in Seller's Disclosure Schedule, no insurer has denied coverage of any such claims or actions or reserved its rights with respect to or rejected any such claims and (iii) Seller has not as of the date of this Agreement (a) received any notice or other written communication from any such insurance company canceling or materially amending any of said insurance policies with respect to the Purchased Assets, and to the knowledge of Seller no such cancellation or amendment is threatened, or (b) failed to give any required notice or present any claim which is still outstanding under any of such policies with respect to the Purchased Assets.

6.14 Employee Relations.

(a) Except as set forth on Seller's Disclosure Schedule, no changes in the basis for remuneration of employees of the Facilities, Seller and/or System Entities have been made, promised or authorized by Seller since the Balance Sheet Date. Except as set forth on Seller's Disclosure Schedule, Seller has no written employment contracts, and no agreements of any nature that provide for employment for any particular period of time or that provide any restrictions upon Seller's right to terminate employment without any post-termination payment obligation, with any Person whomsoever relating to the Facilities or Purchased Assets.

(b) Except as set forth on Seller's Disclosure Schedule, (i) there is no pending or, to the Seller's knowledge, threatened employee strike, work stoppage or labor dispute, (ii) to the Seller's knowledge, no union representation question exists respecting any employees of Seller or of any of the System Entities, no demand has been made for recognition by a labor organization by or with respect to any employees of Seller or of any System Entities, no union organizing activities by or with respect to any employees of Seller or of any System Entities are

taking place, and none of the employees of Seller or of any System Entities is represented by any labor union or organization, (iii) no collective bargaining agreement exists or is currently being negotiated by Seller or any System Entities, (iv) there is no unfair labor practice claim against Seller or any System Entities before the National Labor Relations Board, or any strike, dispute, slowdown, or stoppage pending or, to the best of Seller's knowledge, threatened against or involving the Facilities or Purchased Assets, (v) Seller and the System Entities are in compliance in all material respects with all Laws respecting employment and employment practices, labor relations, terms and conditions of employment, independent contractor status and wages and hours, (vi) there are no pending or, to the Seller's knowledge, threatened complaints or charges before any Governmental Entity regarding employment discrimination, safety or other employment-related charges or complaints, wage and hour claims, unemployment compensation claims, workers' compensation claims or the like, and (vii) except as set forth on Seller's Disclosure Schedule, Buyer will not be subject to any claim or liability for severance pay or unemployment compensation as a result of the consummation at the Closing of the transactions contemplated by this Agreement.

6.15 Litigation or Proceedings. Seller's Disclosure Schedule contains an accurate list and summary description of all litigation or proceedings with respect to the Facilities and the Purchased Assets to which Seller or any System Entity is a party other than actions that would not reasonably be expected to have a Material Adverse Effect. Except to the extent set forth in Seller's Disclosure Schedule, there are no claims, actions, suits, proceedings or investigations pending, or to the knowledge of Seller, threatened against or affecting Seller or any System Entity with respect to the Facilities or the Purchased Assets, at law or in equity, or before or by any federal, state, municipal or other Governmental Entity wherever located.

6.16 Tax Liabilities.

(a) Except to the extent the following would not reasonably be expected to have a Material Adverse Effect:

(i) All federal, state, county and other tax returns, reports and declarations of every nature, including income tax returns, employee payroll tax returns, employee unemployment tax returns and franchise tax returns, for periods prior to and including Closing which are required to be filed by Seller and the System Entities (collectively "Returns") have been filed or will be filed within the time and in the manner provided by Law (including any valid extensions thereof), and all Returns are or will be true and correct and accurately reflect the tax liabilities of Seller and the System Entities;

(ii) All taxes, penalties, interest, and any other statutory additions which have become due pursuant to Returns, and any assessments received by Seller or any System Entity (collectively "Payable Tax Items"), have been paid or have been adequately provided for in the reserves shown in the Financial Statements or any balance sheet provided pursuant to Section 8.6; and

(iii) There are no tax liens on any of the Purchased Assets;

(b) Except as set forth on the Seller's Disclosure Schedule, there are no pending issues known to Seller relating to, or claims or assessments for, Payable Tax Items. Except to the extent not reasonably expected to have a Material Adverse Effect, proper and accurate amounts have been withheld by Seller and the System Entities from their employees for all periods in full and complete compliance with the tax and other withholding provisions of all applicable Laws and all of such amounts have been duly and validly remitted to the proper taxing authority; and

(c) Except as set forth on the Seller's Disclosure Schedule, (i) Seller and the System Entities do not currently have any dispute with any taxing authority as to taxes of any nature, and (ii) there is no unassessed tax deficiency proposed or, to Seller's knowledge, threatened against Seller or any System Entity, and no action, proceeding or audit of any of Seller's returns or reports by any governmental authority is pending or, to Seller's knowledge, threatened by any governmental authority for assessment, reassessment or collection of any taxes or assessments affecting the Facilities, the Purchased Assets or their operations.

6.17 Environmental Laws. Except as set forth in Seller's Disclosure Schedule, and except as would not reasonably be expected to have a Material Adverse Effect:

(a) Seller and the System Entities have previously complied, and Seller and the System Entities are currently complying, in all respects with all federal, state and local environmental statutes, laws, ordinances, orders, rules, regulations and moratoria relating to human health and the environment, including the Clean Air Act, as amended; the Federal Water Pollution Control Act, as amended; the Safe Drinking Water Act, as amended; the Resource Conservation and Recovery Act, as amended; the Hazardous Materials Transportation Act, as amended; the Occupational Safety and Health Act of 1970, as amended; the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended; and their state counterparts and all other similar laws, ordinances, orders, rules, regulations or moratoria (collectively, "Environmental Laws"). Neither Seller nor any System Entity has received any written notice alleging, nor has any knowledge of, any noncompliance with or potential liability pursuant to any of such Environmental Laws, which has not previously been remedied pursuant to applicable Environmental Laws.

(b) Except to the extent permitted under and in compliance with applicable Environmental Laws, no medical wastes or hazardous wastes, hazardous substances, hazardous materials, toxic or hazardous air or water pollutants, or any other hazardous, toxic, infectious or noxious substances, including, without limitation, any toxic or noxious mold, or any asbestos-containing materials, lead-based paint, or radon, and/or any waste or recycled products thereof that are the subject of Environmental Laws (collectively "Hazardous Substances") have ever been transported, generated, treated, used, stored, spilled, leaked, released or disposed of by Seller or any System Entity, or, to Seller's knowledge, by any prior owners, operators or lessees of, or on, the Real Property (which for purposes of this Section 6.17 shall include the air above and all surface and

subsurface soil and water) which have not previously been remedied pursuant to applicable Environmental Laws.

(c) There is not now, nor has there been in the past, occurring at, on under or migrating onto or off of the Real Property, any release or threatened release, as those terms are defined in Environmental Laws, of any Hazardous Substances from any source, which has not previously been remedied pursuant to applicable Environmental Laws, nor has Seller or any System Entity any reason to believe such a release is occurring or has occurred at any time in the past which has not previously been remedied pursuant to applicable Environmental Laws. Further, there are no Hazardous Substances, including petroleum, or petroleum products or derivatives thereof or other conditions or uses of the Real Property or property, whether natural or man-made, which pose a present or potential threat of damage to the health of persons, to property, to natural resources or to the environment. Except as set forth on Seller's Disclosure Schedule, no underground storage tanks are or were previously situated on or under, or abandoned or removed on or from, the Real Property, which have not previously been remediated or otherwise remedied pursuant to applicable Environmental Laws.

(d) Neither Seller nor any System Entity has any liability, responsibility or obligation, whether fixed, unliquidated, absolute, contingent or otherwise, under or pursuant to any Environmental Laws or pursuant to any common law rights relating to Hazardous Substances including any liability, responsibility or obligation to any person, entity or governmental authority for fines, violations, penalties, personal injury, damages or awards, or for investigation, expense, removal, or remedial action to effect compliance with or discharge any duty, obligation or claim under any such laws or regulations ("Environmental Claims"), and Seller has no reason to believe that any such Environmental Claims exist or may be brought or threatened.

(e) Neither Seller, any System Entity nor, to Seller's knowledge, any prior owners or operators or lessees of the Real Property, have handled, disposed of or transported, or arranged for the transportation or disposal of, any Hazardous Substances, in any manner, which may form the basis for any present or future claim, demand or action seeking investigation, response, removal, remedial action or expense.

(f) Sellers' Disclosure Schedule contains (i) a list of the Hazardous Substances or waste treatment, storage or disposal sites used in the operation of Business and not located on the Real Property (the "Off-Site Facilities") during the ten-year period prior to the date of this Agreement for which Seller or System Entities have records and (ii) a list of the parties engaged to transport Hazardous Substances or wastes to such Off-Site Facilities during such ten-year period for which Seller or System Entities have records. Except as set forth in Seller's Disclosure Schedule, none of Seller or any System Entity has during such ten-year period sent Hazardous Substances to an Off-Site Facility that has been designated as a site for investigation or remediation under any Environmental Law or by any Governmental Entity.

(g) Except as set forth on Seller's Disclosure Schedule, neither Seller nor any System Entity holds or is required to hold a Permit for the generation, treatment, storage,

or disposal of hazardous waste in accordance with the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.).

(h) Seller maintains an environmental management system for the Business in the form set forth on the Seller's Disclosure Schedule.

(i) Seller has disclosed and made available to Buyer all relevant information in the possession or control of Seller or any System Entity, including all known studies, site assessments, compliance audits and similar environmental reports, analyses, and test results, relating to past and present (1) environmental conditions of Seller or any System Entity or on, under or about the Real Property, (2) use or operation of the Real Property used in or held for use in connection with the Business, and (3) any activities relating to Hazardous Substances on, or any off-site disposal of a Hazardous Substance from, the Real Property (the "Environmental Reports"). Seller and the System Entities have disclosed and made available to Buyer any and all documents in their possession or control relating to projected environmental expenditures for the Business and the Real Property, including capital and operating budgets and reports prepared by independent auditors or accountants and prepared by Seller or any System Entity, including reports, studies or documents relating to the costs (including anticipated capital costs and annual expenses) of compliance with reasonably anticipated Environmental Laws.

6.18 HIPAA Compliance. Seller and the applicable System Entities have filed extensions with respect to each Facility under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") to delay the date by which the Facilities will need to be in compliance with the HIPAA requirements for electronic transactions and code sets.

6.19 Absence of Changes. Except as set forth in Seller's Disclosure Schedule or except as is not reasonably likely to have a Material Adverse Effect, since the Balance Sheet Date, there has not been any transaction or occurrence in which Seller or any of its Affiliates, in connection with the Facilities and Purchased Assets, has:

(a) suffered any material damage, destruction or loss with respect to or affecting any of the Purchased Assets;

(b) written down or written up in any material amount the value of any inventory (including write-downs by reason of shrinkage or markdowns), determined as collectible any material account receivable or any portion thereof which was previously considered uncollectible, or written off as uncollectible any material account receivable or any portion thereof, except for write-downs, write-ups, and write-offs in the ordinary course of business consistent with past practice;

(c) made any material capital expenditure or commitment for additions to property, plant, equipment, intangible or capital assets or for any other purpose, other than for emergency repairs or replacement and except for Permitted Capital Expenditures and the other capital expenditures disclosed on Seller's Disclosure Schedule;

(d) sold, transferred or otherwise disposed of any of the Purchased Assets except in the ordinary course of business;

(e) granted or incurred any obligation for any increase in the compensation of any employee who is employed by Seller or its Affiliates, including at the Facilities (including any increase pursuant to any bonus, pension, profit-sharing, retirement, or other plan or commitment) except in the ordinary course of business;

(f) made any change in any method of accounting or accounting principle, practice, or policy;

(g) taken any other action neither in the ordinary course of business nor provided for in this Agreement; or

(h) agreed, so as to legally bind Buyer or affect the Purchased Assets, whether in writing or otherwise, to take any of the actions set forth in this Section 6.19 and not otherwise permitted by this Agreement.

6.20 Continued Existence after Closing. From and after Closing, Seller will have sufficient assets to meet the claims of its creditors, including, without limitation, all potential claims under this Agreement and all Excluded Liabilities.

6.21 Statements True and Correct. This Agreement and the Schedules hereto (other than Buyer's Disclosure Schedule) do not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made in this Agreement with respect to the Seller Entities and the Purchased Assets not misleading.

7. REPRESENTATIONS AND WARRANTIES OF BUYER.

As of the date hereof and as of the Closing Date, except as set forth on Schedule Six ("Buyer's Disclosure Schedule"), Buyer represents and warrants to Seller the following:

7.1 Corporate Capacity. Buyer is a limited liability company and Guarantor is a corporation duly organized and validly existing in good standing under the laws of their respective states of organization. Buyer is duly qualified to transact business in the State of Kansas. Buyer (and with respect to Section 14.18, Guarantor) has the requisite power and authority to enter into this Agreement, perform its obligations hereunder and to conduct its business as now being conducted and as conducted at Closing.

7.2 Corporate Powers; Consents; Absence of Conflicts With Other Agreements, Etc. The execution, delivery and performance of this Agreement by Buyer (and with respect to Section 14.18, Guarantor) and all other agreements referenced herein or ancillary hereto to which Buyer is a party and the consummation of the transactions contemplated herein by Buyer:

(a) are within its powers and have been approved by all requisite action;

(b) will not, with or without the giving of notice and/or the passage of time, (i) contravene the terms of Buyer's articles of organization, operating agreement, or any amendments thereto, (ii) contravene the terms of Guarantor's Articles of Incorporation, Bylaws or any amendments thereto, (iii) violate or conflict with any provision of Law to

which Buyer or Guarantor is subject, (iv) violate or conflict with any judgment, order, writ or decree of any court applicable to Buyer or Guarantor;

(c) to the Buyer's knowledge, do not require any Approval of, or filing with, any Governmental Entity which is required by Law, except (i) as otherwise expressly herein provided and (ii) such of the foregoing as would not reasonably be expected to have a Material Adverse Effect; and

(d) will neither conflict with nor result in any material breach or contravention of, or the creation of any Encumbrance under, any indenture, agreement, lease, instrument or understanding to which Buyer is a party or by which Buyer is bound.

7.3 Binding Effect. This Agreement and all other agreements to which Buyer will become a party hereunder are and will constitute the valid and legally binding obligations of Buyer (and with respect to Section 14.18, Guarantor) and are and will be enforceable against Buyer (and with respect to Section 14.18, Guarantor) in accordance with the respective terms hereof and thereof, except as enforceability against Buyer (and with respect to Section 14.18, Guarantor) may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

7.4 Litigation. There is no claim, action, suit, proceeding or investigation pending or, to the knowledge of Buyer, threatened against or affecting Buyer or Guarantor that has or would reasonably be expected to have a Material Adverse Effect on Buyer's (and with respect to Section 14.18, Guarantor's) ability to perform this Agreement or any aspect of the transactions contemplated hereby.

7.5 Availability of Funds. Buyer currently has immediately available funds in cash or cash equivalents or access to such funds, and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price (as adjusted pursuant to the terms hereof) and to pay any other amounts payable pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

7.6 HIPAA Compliance. Buyer acknowledges that (i) all efforts of Seller and System Entities to prepare for compliance with HIPAA will terminate on the Closing Date and (ii) Seller makes no representation or warranty regarding HIPAA compliance relative to any of the Facilities or Purchased Assets other than a representation and warranty that extensions have been filed with respect to each Facility delaying the date by which the Facilities will need to be in compliance with the HIPAA requirements for electronic transactions and code sets.

7.7 Compliance with Commitments to Other Sellers. To Buyer's knowledge, Buyer, Guarantor and their Affiliates are in compliance in all material respects with all the terms and conditions (including post-closing covenants) of all previous agreements entered into in the past five years pursuant to which Buyer, Guarantor or any Affiliate of either of them has acquired hospitals or other health care facilities, or health care operations from another seller thereof. To Buyer's knowledge, Buyer, Guarantor and their respective Affiliates are not party to any pending litigation, arbitration, mediation or other proceeding alleging violation of any term, covenant or